

A Framework For Consideration of a Senior Executive Service
Within CIA

1. Purpose

This paper is directed to a key provision of the Civil Service Reform Act -- the Senior Executive Service (SES) -- and its purpose is to:

- (a) provide a focus on the primary principles and conceptual features of the Senior Executive Service (SES);
- (b) provide a compendium of consideration which need to be addressed in order to establish the perspectives for subsequent actions and the context in which the institution of an SES type program may be considered for possible future implementation; and
- (c) identify points for consideration for an SES system within Central Intelligence Agency.

2. Primary principles and conceptual features of the Senior Executive Service under the Reform Act:

(a) the exemption of CIA from the SES provisions of the Civil Service Reform Act was not based upon disagreement with the principles and concepts of such an approach. The exemption was based on protection of sources and methods and relieves the Agency from oversight by the Office of Personnel Management (OPM) and mandatory adherence to the specific substance and provisions of the statute itself and the regulatory issuances of the OPM as regards the formal structures and procedures of implementation. Inherent within the statute and the approach taken to date by OPM is to provide agencies covered by the Act a degree of latitude to develop, according to individual needs, their own programs within the basic framework of the law for selection, performance appraisal, placement, merit pay promotion, and removal of executives.

(b) the determination of basic annual compensation for senior managers (GS-16 through Executive Level IV) on a merit basis that is directly related to an objective evaluation of their actual performance on the job with recognition of the different demands and difficulty of positions of the same relative grade level (e.g., one office head vis-a-vis another) and differentiation between demands and performance in positions at different levels of responsibility (e.g., office head vis-a-vis a deputy office head, etc.);

- (c) the establishment at the beginning of each annual performance appraisal period of clearly defined standards of performance relative to specific assigned organizational and individual job objectives expected of each individual senior officer;
- (d) the institution of a formal performance appraisal system which is anchored to the organizational and individual objectives assigned to the executive and based upon the objective evaluation of the quality of performance against the standards established at the beginning of the evaluation period;
- (e) the requirement for "better than average" performance as a basis for increases in basic compensation levels with "minimally satisfactory" performance no longer acceptable to warrant pro forma increases or even retention of their current level of basic compensation;
- (f) the selection of senior executives for promotion to higher levels of responsibility and compensation from among only those officers who have consistently displayed excellence of performance;
- (g) the establishment of added inducements in the forms of substantial cash awards to attract and retain the best senior managers and reward and encourage excellence of performance on the job; and
- (h) the facilitation of removal of senior managers and specialists whose performances are not up to prescribed standards.

3. Points for consideration relative to an SES system within Central Intelligence Agency: The minimum elements which must be bonded together to establish the framework for an operating SES program in line with the rationale of the Reform Act are as follows:

(a) System to accommodate both Senior Managerial and Non-Managerial (specialists) Executives

An early question to be considered is whether non-supervisory senior level personnel should be included in a Senior Executive Service which by its very concept is designed for senior managerial/supervisory personnel. In an Agency such as ours, adoption of these systems without inclusion of both supervisors/managers and comparable graded non-supervisors would create inequities and would offer little inducement and benefits for our senior analysts and substantive officers in relationship to excellence of performance. In this regard, it is interesting to note that the developers of the Civil Service Reform Act originally considered the non-supervisory "senior analyst" for inclusion in the Act but for some unknown reason the idea was excluded. The Office of Personnel is also finding from its workshops on the

proposed Supergrade Evaluation Guide, a similar reaction by the participants that there should be pay classifications of "senior analysts" equivalent to those for managerial/supervisory profile.

COMMENT: As suggested, there are several ways to go on the senior manager/non-manager issue. They could all be included under one umbrella, there could be separate but equal SES style systems for each or the "non-manager" could be left as is with possibly some variation for bonuses, etc.

(b) Institution of an SES Performance Appraisal System. (See Attachment A for a general description of a performance appraisal cycle.)

° Under the Civil Service Reform Act a performance appraisal system must be instituted that is "task" oriented with "behavioral" characteristics evaluated only where they are tangibly related to specifically assigned tasks.

° SES designees must be advised by their supervisors at the beginning of the reporting year what their primary tasking objectives (both organizational and individual) are, which are "critical" (the less than satisfactory performance of which can mean removal from the SES) and the establishment of definitive performance standards that will be judged.

° The performance appraisal system is the heart of the SES and must be carefully developed and fully understood by all senior executives for the SES to have any chance for success as intended. The current proposed version of CIA's performance appraisal system could, with some modifications, meet the requisites for the SES. (See Attachment B.)

COMMENT: In theory, detailed, well described and current performance appraisal tools provide both managers and employees the information they need to do their jobs and to evaluate the "end product" or "output". Realistically, however, the development, maintenance and explanation of such information requires the manager (supervisor) to keep detail notes almost on a daily basis and to have frequent job element reviews with employees so that each knows where the other stands. A major pitfall in developing performance appraisal systems, then, is to make them so burdensome to supervisors that they will collapse of their own weight. On the other hand, too simplified systems will not provide the "discrimination" necessary to make the multi-personnel type judgements dependent on them.

(c) Establishment of Performance Review Board(s) and Executive Resources Board(s).

◦ Performance Review Board(s) review executive performance appraisals to insure adherence to standards and to review and approve, as delegated, recommendations for such actions as merit pay adjustments, performance awards, and promotions.

◦ Executive Resources Board(s), advisory to the head of agency, handles the processes of selection, placement, training, and recommendations for removal of Senior Executive Service members. The results of the Performance Board's review of performance appraisals would provide input to the determination of the Executive Resources Board.

CIA does not now have suitable mechanisms in place to serve these functions and would have to establish such Boards to meet these requirements. (See Attachment C for examples of how a Board(s) system in CIA might look.)

COMMENT: Performance Review and Executive Resources Boards have the advantage of giving the Director centralized focal points for planning, evaluating, and/or approving Senior Executive personnel actions. Although establishment of additional boards/panels is contrary to the NAPA team perspective, in the SES instance they appear indispensable. It should be possible to keep SES Boards to a minimum, however. On the more negative side, the administration of the work of these boards could be quite time consuming and very burdensome on executives who also have other major responsibilities with which to cope.

(d) Establishment of an equitable system to determine basic "merit" pay levels and performance awards. Directly interfacing with the establishment of performance standards expected of individual executives is the requirement that a schedule of basic annual compensation levels and relative amounts of performance awards be established to insure equity of recognition for comparable performance throughout the organization. Equally important is the requirement to clearly delineate basic compensation "spreads" to differentiate between senior positions at different levels of responsibility. The Supergrade Factor Evaluation System under development by the Office of Personnel should provide one such tool for this purpose. (See Attachment D for copy of draft guide).

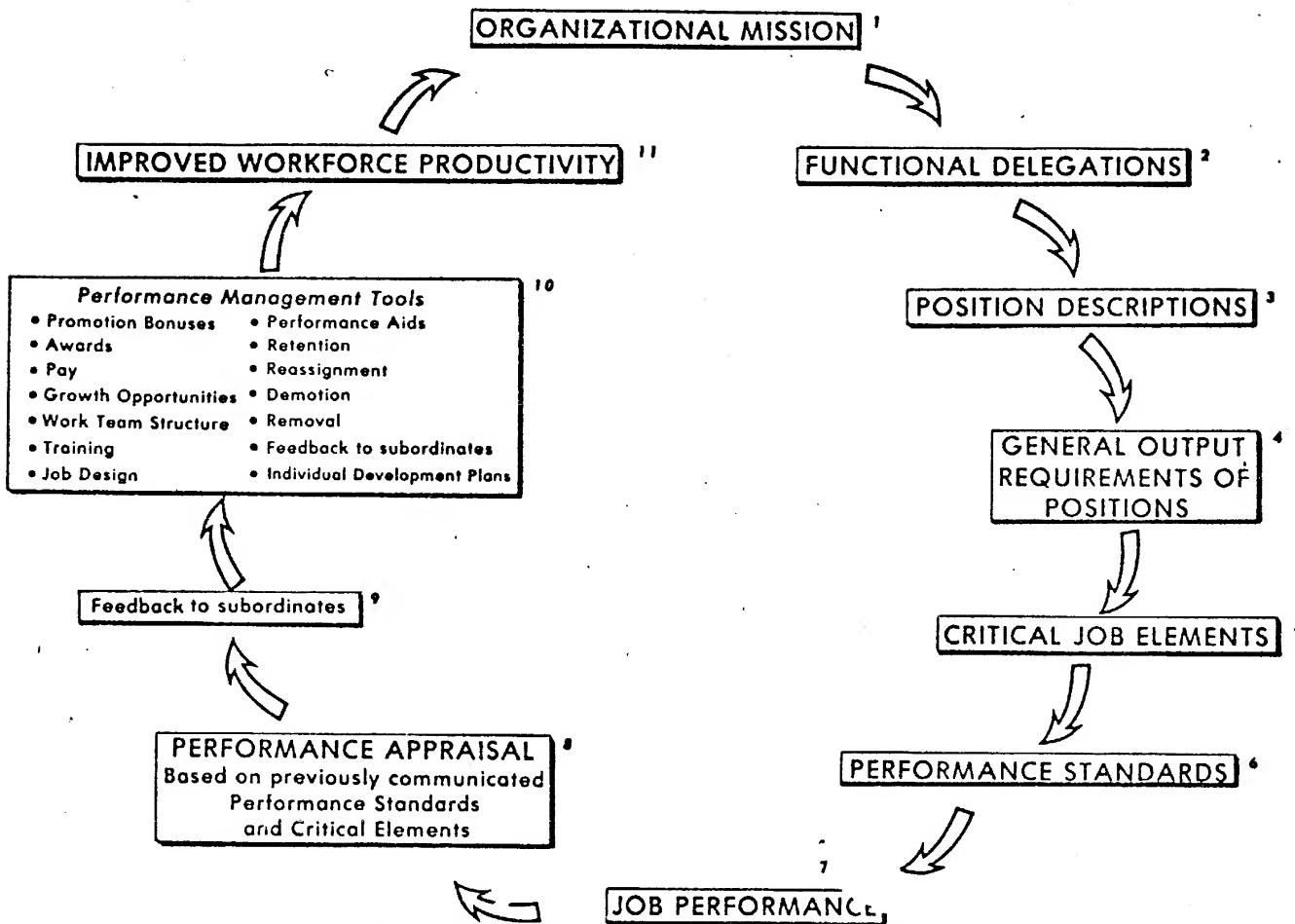
COMMENT: In establishing guidelines for granting remuneratives of different kinds, very delicate balances will need to be maintained between preservation, on the one hand, of a highly flexible pay system and, on the other, discrimination expressed in terms of pay for levels of responsibilities.

(e) Requirements and resources to provide staff support for the administration of an SES system. The full dimensions of personnel and

other resources required to develop and implement a Senior Executive Service cannot be readily determined at this time. A general idea can be formed, however, from the facts currently available that the developmental phase will require a number of senior level officers from the Directorates and from the Office of Personnel plus a supporting cast of clerical assistants engaged for many weeks or months. In addition, the Office of Personnel would be required to provide direct support in the development of a modified performance appraisal system, performance standards, position identification and classification, pay schedules, qualifications standards for selection, removal criteria and procedures including appeals, and in conjunction with the Office of Data Processing, identification of computer system applications. In addition, the Office of Training would need to develop training seminars for all present (and future new executives) to give them a full understanding of all aspects of the SES and provide other training to prepare executives for their managerial roles and continually improve their managerial knowledge and understanding. The Office of Finance and the Comptroller will need to study current pay, leave and budgeting processes and procedures and revamp systems accordingly.

COMMENT: Self-explanatory.

I. PERFORMANCE APPRAISAL -- A MANAGEMENT TOOL



PERFORMANCE APPRAISAL -- A MANAGEMENT TOOL

The mission accomplishment of any organization stands on the management tripod of funds, personnel and materials. Of these, personnel management is probably the most challenging. Personnel management has as one of its major objectives the increase of productivity. The key to productivity improvement is performance management which utilizes such management tools as rewards, discipline, promotion, separation, training, job design, organizational structure, work flow and performance aids.

Efficient performance management and certain administrative functions depend upon getting accurate information about performance. Supplying that information is the important role played by performance appraisal (p. a.). Appraisal is a means of giving management and employees information about performance they both need.

A performance appraisal system should provide for these needs: (see chart on opposite page).

- Boxes 1-6: Establishing performance criteria, i.e., performance standards for all aspects of the job and identification of the critical elements. The job requirements, especially for managers and executives, should reflect carrying out the organizational mission. The performance standards need to be job-related.
- Boxes 7-8: Appraisal of job performance to compare actual performance with the previously established and communicated standards and critical elements.
- Box 9 : Feedback to subordinates Of all the uses of information gained from an appraisal of performance, one of the most necessary and useful in improving productivity is the feedback to the subordinate of performance information. This is so important that it is listed separately in box 9, rather than in box 10 along with other performance management tools.
- Box 10 : Other Uses of performance information Performance appraisal is done for two main purposes: to find out what the performance actually is and then, to improve it. The use of performance information as a basis for decisions about promotion, bonuses, awards, SES pay, merit pay, training, retention, reassignment, demotion and removal is designed to improve productivity.
- Boxes 11 and 12: Accomplishment of agency mission Improved productivity advances the accomplishment of the organization's mission. Thus our purpose is accomplished. It can be clearly seen that performance appraisal is not an end in itself, but rather, is a tool management uses to accomplish the organization's mission.

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DIRECTION FOR COMPLETING PERFORMANCE APPRAISAL PACKAGE

The Performance Appraisal Package consists of the following 4 parts:

1. Performance Appraisal Report
2. Advance Work Plan
3. Evaluation of Potential
4. Directions

1. The Performance Appraisal Report

Section A - General Information

- This section will be pre-printed by computer.
- No changes are to be made except for the reporting period, if necessary.

Section B - Qualifications Update

- Indicate whether employee's qualifications are updated during the reporting period and whether they are attached.

Section C - Performance Appraisal of Specific Duties

- Describe each duty in sufficient detail to provide information which may be useful later in considering individuals for other assignments.
- List in order of importance the duties performed during the rating period.
- Use a single number for each specific duty. Decimals, plus or minus signs, or other modifications may not be added.

Section D - Supervisor's Comments

- Narrative comments must support ratings of specific duties, make the connection with the Work Plan goals, and explain the basis for the overall rating.

- While a brief statement on the mission and functions of the office may be appropriate to set the stage, narrative comments should concentrate on the performance of the individual being rated.
- The first sentence of the narrative in reports on employees in the three-year trial period must recommend for or against continuation of employment.
- The following factors should be considered as appropriate:

Mobility	Dependability
Oral expression	Quality and quantity of work
Written expression	Versatility
Timeliness of performance	Security consciousness
Foreign language competence	Interpersonal relationships
Initiative	Acceptance of responsibility
Productivity	Records discipline
Resourcefulness	Judgment
Cooperativeness	Decisiveness

- In addition to any other appropriate factors listed above, the following factors must be addressed for personnel GS-12 and above. A single inclusive statement is acceptable if all factors are satisfactory; specific comment is required where a factor is deficient or is unusually proficient.

Cost consciousness	Judgment
Security consciousness	Acceptance of responsibility
Cooperativeness	Initiative
Records discipline	

- In addition to any other appropriate factors listed above, the following factors must be addressed in reports for supervisory and managerial personnel. A single inclusive statement is acceptable if all factors are satisfactory; specific comment is required where a factor is deficient or is unusually proficient.

Subordinate management and development
Quality of performance appraisal
Delegation of responsibility
Equal opportunity
Use of personnel, space, equipment, funds, etc.
Goal setting and achievement

Section E - Overall Performance Rating

- Overall performance includes ratings on specific duties and all other appropriate job-related factors, such as the employee's conduct on the job, productivity, adaptability, comprehension of the organization and mission of the directorate, and sensitivity to the principles of equal employment opportunity and advancement. The overall rating is not an average of the ratings on the specific duties.
- Although promotability may be considered in the overall rating, no specific promotion recommendations will be made on Performance Appraisal Reports. (Promotion recommendations will be made according [REDACTED]

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Section F - Certification and Comments

- The rating officer's signature certifies that the Performance Appraisal Report has been shown to and discussed with the employee. When for any reason a PAR is not shown to an individual prior to forwarding to the Office of Personnel for processing, it is the responsibility of the Career Service to have the report subsequently shown to the individual and the record documented.
- The employee comments section is optional; it is not intended to replace a discussion of performance between the employee and the supervisor.
- Reviewing officials must provide substantive comment on the individual being rated. If the reviewer is in substantial disagreement with the rating official, the evaluation should be discussed with the rating official and the employee.
- Reviewing officials have the following responsibilities for insuring the integrity of the system:
 - a. Monitoring follow-up administrative action when overall performance is rated at the 1 or 2 level.
 - b. Returning incomplete or inconsistent reports to rating officers for corrective action.

Section A - Employee's Job

- Describe briefly where this employee's position fits in the organization.
- If appropriate, state the number and type of employees supervised by this employee.
- Do not attempt to summarize the job description.

Section B - Work Objectives, Goals, and Priorities

- Do not attempt to summarize the job description.
- List objectives, goals, and priorities for the period covered by the plan.
- Identify performance standards of quantity, quality, and time which will be used to rate the employee on the PAR at the end of the period.
- Be specific. For example, one general duty on the job description may represent three or four elements or tasks which are going to be important during the period covered by the Work Plan; identify each such task, with the standard which will be used to measure success for failure.
- Whenever possible, the identification of objectives, goals, and priorities should be a joint effort by the supervisor and the employee.
- Update the Work Plan whenever necessary during the period covered simply by annotating the form. (Use the back if additional space is needed.)

3. The Evaluation of Potential for Advancement

Section A

- Indicate whether or not it was possible to observe readiness for assuming higher level responsibility in the performance of this individual during this reporting period.
- If readiness to assume higher level responsibilities, or the lack thereof, was observable in the performance of this individual during this reporting period, check the statement which best describes your estimate of the employee's potential.

Section B

- Be specific when stating qualities that demonstrate capacity for growth and advancement; give specific examples of how the employee demonstrates these qualities.
- Do not try to be specific in predicting an employee's grade level potential or specific jobs you think the employee will hold. Such predictions, if they don't come true, lead to disappointment and even grievances.

DISTRIBUTION

omit if necessary
PAR and Evaluation of Potential
for Advancement

AWP

Original copy to Office of Personnel through Head of the Career Service concerned.

Held by the component until end of period covered, then attached to appropriate PAR.

Minimum of one copy to be retained by the Career Service.

Forwarded according to PAR distribution.